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C O N F I D E N T I A L KATHMANDU 000239

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SUBJECT: AMBASSADOR'S MARCH 23 MEETING WITH PRIME MINISTER  
DAHAL

REF: KATHMANDU 325

Classified By: AMBASSADOR NANCY J. POWELL FOR REASONS 1.4 (B/D)

¶1. (C) Summary: Recent conflicts over military recruitment and the refusal to extend the careers of eight Nepal Army Brigadier Generals will not have any negative impact on the fragile peace process, Prime Minister Dahal told Ambassador on March 23. Refuting Ambassador's concern over lack of progress on key issues, the Prime Minister announced that a "new momentum" would soon energize the peace process, noted that the Army Integration Special Committee was functioning in full mode, but noted that "an additional two or three months" of mandate for UNMIN might be needed due to "unseen causes". Ambassador noted the general lack of progress for the two months since UNMIN's current extension, and warned that an extended mandate may not be a welcome request to some P-5 members. She additionally warned that the dismissals of senior military personnel, some of whom had received U.S.-supported training in the expectation that they would serve full careers, could have possible negative consequences for continued U.S. military assistance and called into question the Nepal Army's leadership of UN peacekeeping contingents. End Summary.

Meeting at Singha Durbar  
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¶2. (U) Ambassador met with Prime Minister Pushpa Kamal Dahal on March 23 at his Singha Durbar office in Kathmandu. The Prime Minister's Foreign Affairs Advisor Hira Bahadur Thapa, Ministry of Foreign Affairs Joint Secretary Padhumna Shah, and DCM were also in attendance.

USG Concern Over Peace Process Issues  
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¶3. (C) Ambassador requested today's meeting to relay a message of concern on several recent issues, including the lack of progress on the peace process, with nearly one-third of UNMIN's extended mandate now elapsed. Recent, unhelpful moves also undermined past agreements and unnecessarily strained relations between the parties, including the handling of the People's Liberation Army recruitment declarations and the retirement of eight senior Nepal Army generals inconsistent with standard practice. Ambassador requested clarification from the PM on the decision-making process, particularly on the dismissal of the generals. The USG had invested in senior officers, including the current

Director of Military Intelligence, by supporting attendance at professional staff colleges. (The current DMI is a 2008 graduate of the National War College.) This sort of professional development was done in response to requests for support from the Ministry of Defense. If officers were summarily dismissed with no apparent policy or standard in place, it raised several questions, including appropriateness of continued USG funding for such officer development and Nepal Army leadership of UN peacekeeping contingents. It also made observers wonder, Ambassador noted, whether the PLA commanders or the GON were calling the shots on defense policy.

PM Dahal: No Serious Impact on Peace Process; Decisions to Stand

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14. (C) Dahal indicated that USG concerns were misplaced, and that he saw no serious negative impact from either the recruitment saga or the refusal to extend the careers of the generals. He also challenged the assertion that little had been done on the peace process front in the previous two months, noting that the AISC had met four times, and was about to establish its Technical Committee in a meeting later today to establish procedures for the demobilization of those found "disqualified" as PLA combatants. He categorically stated that recruitment efforts in the cantonments had completely stopped -- contrary to some reports, and suggested that the PLA recruitment issue had been a mechanism by the commanders to make a case for additional "resources" for "development activity".

15. (C) On the issue of the generals, Dahal said, the decision not to extend their careers, as has been standard practice in the Nepal Army for decades, was consistent with his "message of change" that he had brought to all senior GON officials, including the Nepal Police and Armed Police Forces as well. He dismissed the previous grant of an extension to a minority brigadier as "exceptional". The dismissal of the generals was "not a serious issue" and had been effectively resolved. (Note: A court case has now been brought by the dismissed generals against the Nepal Army for wrongful dismissal. End note.) The PM was clear that despite discussions with other parties ex post facto, the decision would stand. He averred that he had learned from the lack of more complete consultations.

Some Ways Forward

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16. (C) Ambassador noted several key issues on which advancement and improvement should be achieved for the good of the peace process. Welcoming the PM's news of the formation of the Technical Committee, she urged additional work toward the following ends, particularly since the UN's mid-term report, now due in less than three weeks, would likely be very critical of Nepal's failure to make progress and make mandate extension increasingly problematic:

- Forward movement on the discharge of the disqualified from the cantonments;
- Cultivating a functioning relationship between the Minister of Defense and Chief of Army Staff;
- Accepting the results and controlling student cadres in the aftermath of Student Union elections;
- Establishing a permissive environment to allow campaigning and the execution of free and fair by-elections, now scheduled for April 10;
- Extension of OHCHR mandate.

17. (C) Dahal responded by saying that the GON must finish arrangements for integration procedures within the four-month period remaining in UNMIN's mandate. However, he immediately suggested that Nepal might need an extended mandate for another 2-3 months due to "unseen causes." Ambassador suggested that the USG's position on an extension would hinge on progress in the peace process, and a close look on whether or not the "unseen causes" were

self-inflicted. Dahal also vowed to ensure a positive environment for the April 10 elections, and said he believed the ongoing student elections had generally been "peacefully concluded," before enumerating several campuses where conflict and strikes were occurring over results.

Comment

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18. (C) The PM,s assurance that recruitment and the dismissals have had no negative impact on the peace process and the relationship between parties is disappointing, particularly if he actually believes it to be true. Dahal did take responsibility for the decisions and did not cite pressure from hardliners, as is sometimes his wont. The message on ramifications for the current mix of USG military assistance and our concerns about the impact of the retirement decision on the Nepal Army,s leadership of UN peacekeeping contingents was clear. Whether or not it is heeded remains in question.

POWELL